App. F. IX-4 **1932.3** **File No. 247-32**

Previous References (Nil) **Serial Nos.** 1-2.

Later References

Ire 169-33 (1-5)
Ire 244-34 (1-4)
" 10-35 (1-2)
" 14-35 . . . (3,4)
" 14-35 . . . (5-10)

PRESERVED

GENERAL AND REVENUE SECRETARIAT

Serial Nos. Nil.

Part B for April 33

SUBJECT.

Continuance of the Agency of Messrs Best & Co for the sale of Mysore soaps in Madras Presidency, Burma, F. Malay states and Ceylone for a period of 3 yrs from 1.4.33

D 5355-6 dt 25.4.33

To dir Ire. in Compln to pm

Landrum Rc ——

General and Revenue Secretariat — File No. 247 of 193 2.

Serial No.	
1	Letter no. D 2 634-29 dated 10th April 1933 from the Dir. D.I. recommending that the agency of messrs Best & Co. for the sale of Mysore Stamps in the Madras Presidency be continued by a further period of three years from 18th April 1933.
1 H.P. 253-29-5	H) The present period of sanction of the agency of messrs Best & Co. expires on 18th April 1933 and the Director recommends to continue the same agency by a further period of 3 years subject to the following modifications as for orders:

	Present rate	Proposed rate
Charges for advertisement —	1½ %	2½ %
Stamps to be distributed to Merchants.	1 %	2½ %
Free delivery —	—	to grant free delivery in case the M.S.M.Rs. allows Commission rate
Territory —		The present area except Ceylon and S.I.M.S.

J) As regards the restriction, the agents do not demand to be divested entirely of their jurisdiction over the area, but have stated that they will be prepared to relinquish these areas in case of Govt. make separate arrangements.

Submit for orders, with reference.

11.4.33.

H) Messrs Best & Co. have

Doubtless serve the Govt

NOTE—Contn. Sheet.

WD 70—GBPM—60,000—1328-31

3952

File No. of 193 .

General and Revenue Secretariat

No. 6780

Forwarding with recommendation to Continue there is a/s for a further period of three years on the revised terms proposed by Mr. Dench if he may be sanctioned.

Mrs 12/4/33

Secretary

First Member.

The remarks of the Secretary about selling price of Mysore Soap as compared with foreign soaps — please see Market A in this table — for perusal

4/ Cmr. 12.4.33 Mrs 13/4/33

5/ Mrs (13/4/33

Draft under my pt Mrs 15/4/33

Sealed with a draft for approval

Cmr 15/4/33 KP 17.4.33 19

Sd/ [illegible] Mrs 20/4/33

TYPING SEC

REVISED

NOD. 5355 - 6 Dy 25th April 33.

The Dir of Ind.

The Comptroller.

Sanctions the continuance the continuance given agency agreement Bost & Co for the sale of Mysore Soaps for a further period of three years subject to certain terms.

B Cmr 30/5/33

1933

DEVELOPMENT BRANCH

Telegraphic Address.—"INDUSCOM."

GOVERNMENT OF MYSORE.

DEPARTMENT OF INDUSTRIES AND COMMERCE.

In reply please refer to
No. D2-634/29-30.
Encl, 3

OFFICE OF THE DIRECTOR,

Dated, Bangalore, 6th April, 1933.

FROM

N. RAMA RAO, Esq., B.A., B.L.,
Director of Industries and Commerce in Mysore,
Bangalore, (India.)

TO

S. Abdul Wajid, Esq., B.A.,
Secretary to the Government of Mysore,
Development Department, Bangalore.

SIR,

Sub:-Agency for the sale of soaps in the Madras Presidency.

With reference to G.O.No.D.4772-73/I&C 64-32-20 dated 23-3-1933 sanctioning the deputation of the Industrial Chemist to Madras for making necessary enquiries in the above connection, I have the honour to submit herewith for favour of information of Government a copy of his letter No.6195 dated 23-3-1933 embodying the results of his enquiries and the personal discussion he had with the representatives of the various firms who offered to take up the agency. The proposals received from these representatives have also been submitted by him. The Industrial Chemist proposes that the agency of Messrs. Best & Co. may be continued for a further period of 3 years from 18-4-1933, the date on which the term of this present agency terminates. Copy of his letter No.6196 dated 23-3-1933 containing his proposals in this behalf is submitted herewith. A copy of the letter dated 17-3-1933 of Messrs. Best & Co., to the Industrial Chemist confirming the discussions they had with him ~~are~~ is also enclosed.

On a careful examination of the proposals submitted by the Industrial Chemist, I am of opinion that the interests of the Factory would be best served by continuing the agency of Messrs. Best & Co. for the present. It would in my opinion be unwise to change agents at a time when the prospects of trade are extremely uncertain, and continuity is essential to security. Messrs. Best & Co. have been associated with the Factory for over 5 years now and have shown progressive increase in sales from year to year. Their dealings with the Factory regarding correspondence, payments of drafts etc., are reported to be very prompt and satisfactory. The only reason for trying to find ~~out~~ other agents was with a view to satisfy the public sentiment that the sales agents of a Swadeshi concern should be Indians. But the past record of work of Messrs. Best & Co., clearly shows that they have not mixed up politics with business and they are not likely to do so even in future as they have mainly to depend on the goodwill of their innumerable Indian merchants for the continuance and expansion of their business. I therefore recommend that the agency may be continued in favour of Messrs. Best & Co., for a period of another 3 years from 18-4-1933.

The letter of the Industrial Chemist No.6196 dated 17-3-1933 refers to the existing terms as well as the revised terms proposed to be given to Messrs. Best & Co., for the next 3 years. The revised terms slightly vary from the old ones. The grant for advertisements and the cash bonus are proposed to be enhanced by 1% and 1½% respectively. The question of free delivery of soaps is also promised to be considered

considered in case we are able to secure concession in freight rates for soaps sent from Bangalore to Madras. But in view of the continued depression and keen competition in trade and also of the fact that good guarantees of sales have been obtained from the agents, unlike in the previous years, I think that the revised terms proposed by the Industrial Chemist are in the mutual interests of the Factory and the agents. I therefore recommend that these terms may be approved by Government.

In view of my recommendation in favour of Messrs. Best & Co., there is no need to consider the proposals of the other firms submitted by the Industrial Chemist.

I request the favour of early orders of Government regarding my recommendations for the grant of the agency to Messrs Best & Co.

I have the honour to be,
Sir,
Your most obedient servant,

M Rama Rao

DIRECTOR.

ks)3.

GOVERNMENT SOAP FACTORY, BANGALORE.

22nd March, 1933.

No: 6196

To:
The Director of Industries & Commerce in Mysore,
BANGALORE.

Sir,

Sub: Renewal of the agency in the Madras Territory.

I have the honour to report as follows.-

The present agency is held by Messrs. Best & Co., Ltd. They have altogether worked for us for a little more that 5 years and the sales in their territory have shown progressive increase as follows.- 1928, 83,964/-, 1929, 73,207/-, 1930, 1,19,290/-, 1931 1,70,580/-, 1932, 1,72,101/-. The existing terms with them are as follows.- We pay to them a commission of 10% plus 1½% for advertisement, plus 2½% for dealers discounts. The total comes to 14%. Out of this they will have to compulsory spend 3% for advertisement and 5% for dealers discounts. After meeting the above expenditure, they will have left over 6%, out of which they generally hand over to their different sub-agents 2%. The remaining 4% should cover the cost of their establishment etc. and their net profit. Messrs. Best & Co., are allowed 90 days time for payment. I would like to record here with great pleasure that it has been a real pleasure to deal with this firm

because their correspondence is prompt and courteous, their payments are punttual and they have stuck to the terms of their agreement without any complaint whatever. In such cases in which they had bad debts to shouldor , they did not make even a single complaint. Since the sales also have progressed according to our expectations,their claims for the reneval of the agency are indisputable.

There are one or two other aspects of this agency which require to be brought to your notice. At a time when we discovered that other agents were receiving extra remuneration in the form of commission and other concessions and in order to safe-guard the permanent interests of the Factory, we have spent some extra amount for special advertisement in the Madras Presidency and we have also paid a bonus to the merchants who had done not less than Rs. 2,000/- worth a year. On this basis, for example, we spent during the calendar year a sum of Rs. 6,408/- for special advertisement and also distributed a bonus amounting to approximately Rs. 1,500/-. Taking these things also into consideration the total expenditure incurred by the Factory would work out between 18% to 19% on the sale value of soaps.

I submit as an enclosure to this letter a note prepared by me in consultation with them, which form the basis of our discussion when I last went to Madras to talk over matters relating to the reneval of the agency. We discussed the details in four different interviews and the final result of discussions is set forth in a letter from Messrs. Best & Co. dated 17th March 1933. Recently it has been the policy of the Government Soap Factory to demand certain minimum guarantees of sales

from different agents. In order to see that this policy was uniformly followed by everybody, I placed a certain amount of insistence on this aspect of the question. Messrs. Best & Co., were all through reluctant to furnish any such guarantee as it was opposed to the policy and tradition of their firm during the last one century of their work in Madras. They have however ultimately consented to ~~kn~~ give a guarantee of Rs. 1,80,000/- worth of business during the first year of the renewed agency. The quota for the remaining two years will be fixed taking into consideration our first years' experience.

They urged on the Factory the necessity to increase the present compulsory advertisement rate namely 3% to 4%. At present the Factory is reimbursing them to the extent of 1½%, but under the new terms, the Factory's share will have to be 2½%. In the case of bonus distributed to the merchants they want to increase the same to a maximum of 2½% instead of the existing 1%. This is suggested with a view to induce the merchants to give a greater preference to our soaps and also to ~~gix~~ come into a line with other manufacturers who offer bonus up to a maximum of 2½%.

A

Great dissatisfaction was expressed by me on account of paucity of sales in Ceylon and F.M.S; they informed me that they will be prepared to relinquish these areas in case we are making separate arrangements.

Another important point we discussed was the question of giving free delivery in Madras Presidency. This concession is at present enjoyed by all the other agents and Messrs. Best & Co., pointed out

the necessity to make this uniform throughout India. It was pointed out to them that this will impose a special hardship on the Factory, but if Messrs. Best & Co., could induce the M.S.M. railway authorities to give concessional rates for soaps sent from Bangalore to Madras, the Factory will be prepared to consider the question of free delivery.

The net result of all these discussions will amount to the Factory spending an extra 2½% to 3% over the sale value of soaps.

I summarise the results in a tabulated form below:-

Period of the agency 3 years.

		Present.	Proposed.	Remarks.
I.	a) Commission	10%	10%	Out of 15% Messrs. Best & Co. have to spend compulsory 4% on advertisement & give dealers discounts up to a maximum of 5%
	b) Advertisement	1½%	2½%	
	c) Dealer's discounts	2½%	2½%	
	Total:	14 %	15%	
II.	Time for payment	90 days	90 days.	
III.	Bonus	up to a maximum of 1%	up to a maximum of 2½%.	
IV.	Freedelivery	nil	to give free delivery in case we get concessional free delivery from Bangalore to Madras.	
V.	Special advertisement charges.	The Factory to continue to spend as much as possible as at present as consistent with the total turnover.		

GOVERNMENT SOAP FACTORY, BANGALORE.

	Present.	Proposed.
VI. Territory.	Madras Presidency, Travancore Cochin, Pudducottah, Burma, F.M.S. & Ceylon.	Same as present except F.M.S. & Ceylon.

VII. Other minor conditions to continue as at present.

I beg to submit that I consider the proposals now discussed with Messrs. Best & Co., are very fair to both parties, viewed from the point of view of past business and our future developments.

I have the honour to be,
Sir,
Your mostobedient servant,

Industrial Chemist
& Chemical Engineer.

MM.

GOVERNMENT SOAP FACTORY, BANGALORE.

No: 6195 (Secret)
Encl: 9 letters
(28 sheets)

22nd March, 1933.
23

The Director of Industries & Commerce in Mysore,
BANGALORE.

Sir,

Sub: Renewal of the Madras Agency.

I have the honour to inform you that I was deputed to go to Madras and interview Messrs. Best & Co., and also other people likely to be interested in the handling of our agency.

I submit in original the proposals forwarded to me by different persons and firms who have expressed their wishes to handle our products. The tabulated statement gives the full details. Regarding Messrs. Best & Co., I have submitted a special report today reviewing their past work and giving in full details their present proposals. Regarding ~~the~~ others I have only very few remarks to add to the information already contained in the tabulated list. One fact should be mentioned in this connection. During the last two or three years the opinion has been expressed that the agency of a Swadeshi concern should be handled by Indians themselves. This has taken the form of public sentiment, naturally influenced by the present political situation in India. But at the same time I like to place it on record that within my experience Messrs. Best & Co., have not mixed up business with politics and the results of their work more

than show that they have taken care of us properly. On one or two occasions Messrs. Best & Co. represented to me that they are themselves virtually an Indian firm, having settled down in Madras for over a century. They have extended very attractive terms of employment to all the Indians working in that firm and they are also connected with several other departments of the Mysore Government.

I now beg to submit a few notes regarding the opinions regarding various other tenderers as gathered by my personal discussions with the representatives and also by banking references.

1) J.M. Sheth. The proprietor of this firm is an influential merchant in the miscellaneous goods line. They are in business for a little over 15 years and they have a branch shop in Russell Market, Bangalore Cantt. The bank informed me that the total stock of goods in their shop, in no time would exceed Rs. 10,000/- to Rs. 15,000/-. They have been good in their engagements but only in a moderate way. This firm have good experience of soap business and have connections all over the Presidency.

2) Mr. A. G. Senapathy, Bangalore. This gentleman is acting as a sort of commission agent for a number of miscellaneous things and tenders for very many contracts in the S.P.C. This gentleman has done some small business for the Soap Factory, and in spite of my asking him for further details, he has not furnished any.

3) Sulaiman Sideek Sait, Madras. These have got an important corner shop in Bunder Street and they do the same amount of business as Messrs. J.M. Sheth & Co. The representative of this firm seemed to me as being very enthusiastic to handle our products and push on the sales.

The remunerations they have asked for seem to me to be on the low side thus connecting a certain lack of correct commercial information regarding the prevailing competition etc.

4) Lakshmi Ratans Ltd. If it is decided that the agency should be taken away from Messrs. Best & Co and be handed over to an Indian firm, I would recommend this firm's name for the consideration of the Director. They have put forward two proposals, the conditions slightly differing. Both proposals seem to be straight-forward businesslike. The firm have had no previous experience of handling soap business but I think they are enterprising enough to pick up work soon. The Bank references at the Imperial Bank and the National Bank were satisfactory. Mr. T. R. Venkata Rama Sastry, C.I.E., ex Advocate General, and President of the Indian League, of Madras, and also Mr. B. Shiva Rao, Secretary 'Buy Indian' League, have spoken very highly of the integrity and capacity of this firm.

5) Messrs. M.V. Kuppiah Chetty & Co. This firm once handled our soap agency for about 8 to 10 months and their work was completely satisfactory. Mr. M.V. Kuppiah Chetty is a very respectable and hard-working gentleman, but he has not consented to give either a guarantee of sales or offered a security deposit. He is an occasional purchaser of our soaps even now and my personal reppect for Mr. Kuppiah Chetty is really great.

6)Messrs. Shivaram & Swamy. The bank report said that this firm are good and punctual to meet their obligations only in a moderate way. They are dealing in medicinal goods and other sundries. They do not

seem to have much experience in the soap line.

7) Messrs. Best & Co., vide special report sent about them.

According to the terms of the agreement, the agency of Messrs. Best & Co., comes to a termination on 18th April 1933 and therefore I request your very early orders on the subject.

I have the honour to be,
Sir,
Your most obedient servant,

Industrial Chemist
& Chemical Engineer.

MM.

Letter dated 17th March 1933 from Messrs. Best & Co., Ltd., Madras, to the Industrial Chemist & Chemical Engineer, The Government Soap Factory, Bangalore.

Referring to the pleasure we had last week, of a visit from your Mr. S.G. Sastry, we write to confirm the discussions we had with him in regard to sales of Mysore Soaps.

SALES.- Mr. Sastry compared our sales year by year from 1928/32 and expressed his satisfaction at the progressive improvement shown.

Mr. Sastry also conveyed to us, on behalf of the Director of Industries, the appreciation of the Government of Mysore of our work during the last five years in connection with sales of Mysore Soaps.

We would take this opportunity of giving our best thanks to Mr. Sastry, the Director of Industries, and the Government of Mysore, for their kind ~~kaxkkkk~~ felicitations. We would also express our grateful thanks for the co-operation that has always been extended to us by the Factory and the Department of Industries.

The next question discussed was of guarantees of sales during the ensuing years 1933/34 and 1934/35, and Mr. Sastry expressed the opinion that the Government of Mysore considers it expedient for certain reasons, to obtain guarantees of sales from us for the next two years.

The following figures were suggested by Mr. Sastry for our guarantees.-

1st year (1933-34)	..	Rs.1,80000/-
2nd year (1934-35)	..	Rs.2,10000/-
3rd year (1935-36)	..	Rs. To be fixed by mutual consent at the end of the second year and based on experience of the first two years.

Considering that our sales have been progressive and our relations most cordial, we feel that the necessity for guarantees from us does not arise. We understand, however, that the Government would consider that it will clinch our already undeniable claims for a renewal of our Agency, if we give the guarantees suggested.

In the circumstances, we confirm that we are prepared to guarantee sales of:-

1st year (1933-34)	..	Rs.1,80000/-
2nd year (1934-35)	..	Rs. To be fixed by mutual consent at the end of the first year.
3rd year (1935-36)	..	Rs. To be fixed by mutual consent at the end of the second year and based on experience of the first two years.

We need hardly add that the above guarantees are given subject to the condition that in the event of circumstances beyond our control operating adversly to the fulfilment of the guarantees, the terms ~~thereof~~ thereof will be modified by mutual agreement..

In this connection, we would refer you to the box of "Sheba" bath tablets made by Cussons, London, which is now being retailed at Rs.2/- per box of 1 doz. tablets. If imported soaps of quality continue to be sold at almost half the price of Mysore Soaps, you will realise that the whole position of guarantees will have to be consi-

considered. We may also mention of the intensifying of competition from other leading makes like Pears, Lever Bros. etc.

Mr. Sastry then took up for discussion the paucity of sales in the F.M.S. and Ceylon. We much regret that our sales have been disappointing but you will realise that the economic situation in these countries has been chiefly responsible.

If you have any likely applications for Agency for the F.M.S. and Ceylon, we are prepared to relinquish these territories.

ADVERTISEMENT.

Mr. Sastry drew attention to the fact that the Factory had spent nearly Rs.12000/- on advertisement in the Madras Presidency during 1932 and queried whether sales have responded adequately to the sum expended. The amount spent on advertisement works out to about 7% of our sales which, we believe, is by no means disproportionate. In our opinion, an advertisement expenditure of at least 10% of the value of the goods sold is necessary, more particularly so in the case of a competitive product like Soap.

In view of the guarantees of sales we are prepared to give and which we assume will cover all the products made by the Factory, we should be obliged if you would revise the terms of Agreement on the following lines:-

1. That the Factory will increase the Advertisement Grant from 3% to 4% of which our share will remain the same as before, viz., 1½%, the Factory to increase their share from 1½% to 2½%.

2. The yearly bonus on purchases by Dealers to be increased. In this connection, we recommend an increase this year by 1%. We would suggest that future bonus to Dealers may be fixed on the following graduated scales:-

   1½% on annual purchase of Rs.5000/- and above.
   2% " " "10000/- "
   2½% " " exceeding Rs.15000/- ".

3. If a concessional rate of freight to Madras is obtained, the Factory will give free delivery of Soaps not only at Madras but at all stations in our territory.

"COPY"

H.K. Ramiengar

for Director of
Industries and Commerce.

ks)2.

G.R.S. App. F. VI—G 2]

SUBJECT .....

.....

.....

Diary No. of letter replied to .....

Section 7K

File No. 347-38

Serial No. 9

General and Revenue Secretariat

( )

the 193 .

Proceedings of the Government of His Highness the Maharaja of Mysore.

Date of issue ..... 1937.

Signed by .....

Read—

G. O. No. D. 12783-4 7K

253-29-5 dated 17th May 30

Sanctioning the Continuance of

the agency of messrs Best & Co

for the Sale of Mysore Swaps

in the Madras Presidency

for a period of three years from

~~Order thereon.—No~~

18th April 1930

Letter no D2-634-29 dt 10th

April 1933 from the Dir. I.K.

recommending that the Agency

of messrs Best & Co. for the

Sale of Mysore Swaps in the

Madras Presy &c. be Continued

for a further period of 3 years from

18.4.33 on the revised terms proposed

by them

May this be—

(i) printed ?

(ii) treated as a standing order ?

(iii) published in the Gazette, English Part ?

(iv) translated ?

(v) placed at the disposal of the press ?

(vi) published in the Gazette, Kannada Part ?

W.H.H.

Order.

While recommending the Continuance of the agency, the Dir. states that in view of the Continued depression and keen Competition in trade, and also of the fact that good guarantees of sales have been obtained from the agents, the spread for advertisements and the cash bonus payable to merchants required to be raised from 1½ and 2% respectively to 2½% in each case - Govt. are pleased to accept the recommendations of the Dir. and to sanction the Continuance of the Agency of Messrs Best. Sons for the sale of Mysore ~~Sandal~~ Soaps in the Madras Presy, Bombay, F. Malay States and Ceylon for a further period of three years from 10-4-33 the agency for the said. this Area being however subject to earlier termination if found necessary by Govt.

List of Enclosure

Copied by

Examined by

Subject to approval

The main terms of

G. R. S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

The agency will be as follows

(i) Commission - 10%

(ii) Advertisement 2½%

(iii) Dealers' Discount 2½%.

(iv) Time for payments 90 days

(v) Bonus to mechanics } 2½% or
up to a maximum of }

(vi) The question of
fire defence of troops may
be raised for which if necessary
the anticipated concessions
regarding railway freights
are secured. ~~Legislation~~.

Ms
20 4 33

Secy

Do

the Dir. of

Comptr.